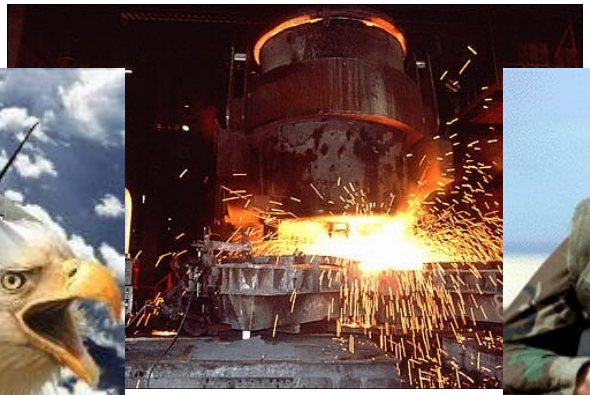
Warstopper Program

Luis Villarreal, PE
Industrial Capability & Warstopper PM
703.767.1427
Luis.Villarreal@dla.mil

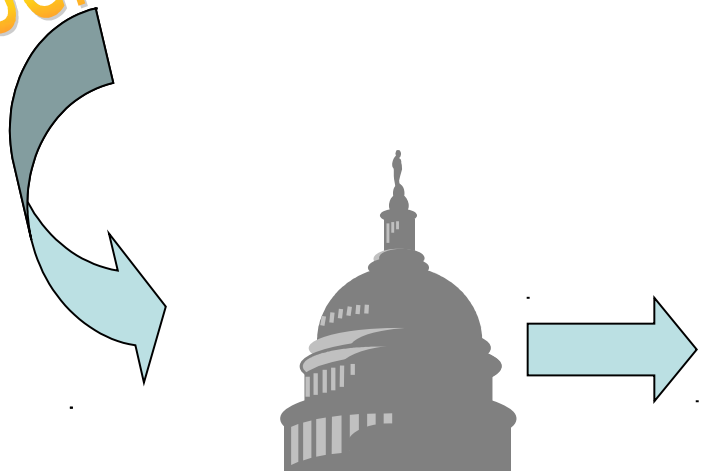


Agenda

- Warstopper Program Overview
- Strategic Metals Buffer Pilot Project

Program Background

Desert Storm



War Stoppers

HR 102-311 (Industrial Preparedness)

- Nerve Agent Antidotes
- Chemical Protective Overgarments
- Chemical Protective Gloves
- Meal, Ready-To-Eat
- Tray Pack Rations
- Meets Criteria of HR 102-311
- Medical Rotational Stocks
- NBC Defense

Solution Sets

Range of Solutions to Address Readiness

Science & Technology
- Innovation in Products

Working Capital Fund
- DLA Procurement Solutions

Title III
- Establish Capability

Warstopper
- Industry/Business Solutions
- Mitigate surge constraints

War Reserve Material
- War Reserve items

Manufacturing Technology
- Lead Time Reductions
- Lean Manufacturing

DMSMS
- Manage obsolescence

DPAS
- Establish Priority

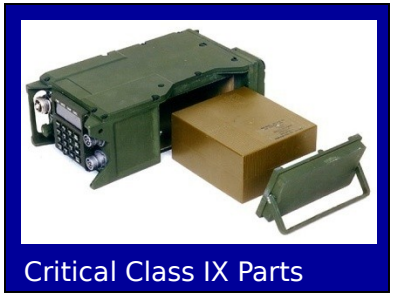
Warstopper Program Criteria
(Industrial Preparedness Program)

- Mission Essential or Critical*
- Low peacetime demand but high wartime demand*
- Limited shelf life*
- Long production lead time*
- Cost effective alternative to War Reserve Inventory**

* Congressional guidance HR 102-311
** DoDI 3110.60 War Reserve Materiel

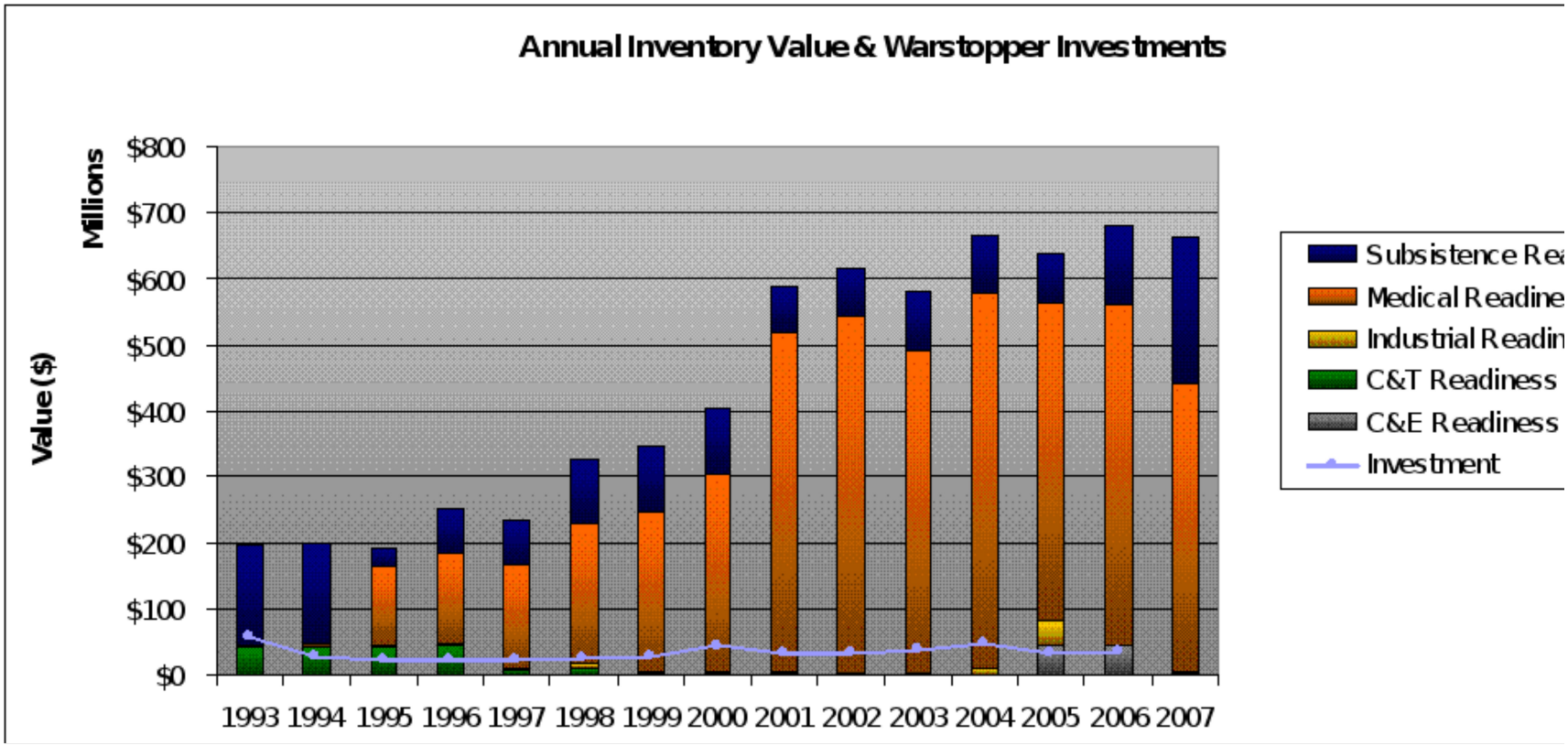
Utilize An Industrial Investment Strategy
DLA Warstopper Program

- Investments provide access to surge coverage, not the end-item itself
- Examples and methods to invest:
  - Provide industrial equipment
  - Stage Raw Material and subcomponents
  - Provide incentives for lean manufacturing initiatives
  - Provide industrial base maintenance contracts to keep domestic industry alive
  - Supplement vendor's inventory to guarantee access to commercial inventory



Investments must be on items identified by the Service as critical go-to-war

Warstopper ROI Summary



Source of Data: DRAFT Warstopper ROI Analysis Update from 1993-2007; Bearing Point – LATA

Strategic Metals Buffer Pilot Project

Problem Statement

- No proactive DOD management approach for industrial technologies and capacity for strategic raw material used in the production of go-to-war items; thus
  - confusion and sub-optimal results for acquisition planning, fixed cost investments and priority allocations
  - long ramp up time and production delays exist
- Strategic metals as a raw material input for production of class IX items often represents a critical path constraint creating extended production lead time delays

Pilot Project Objectives

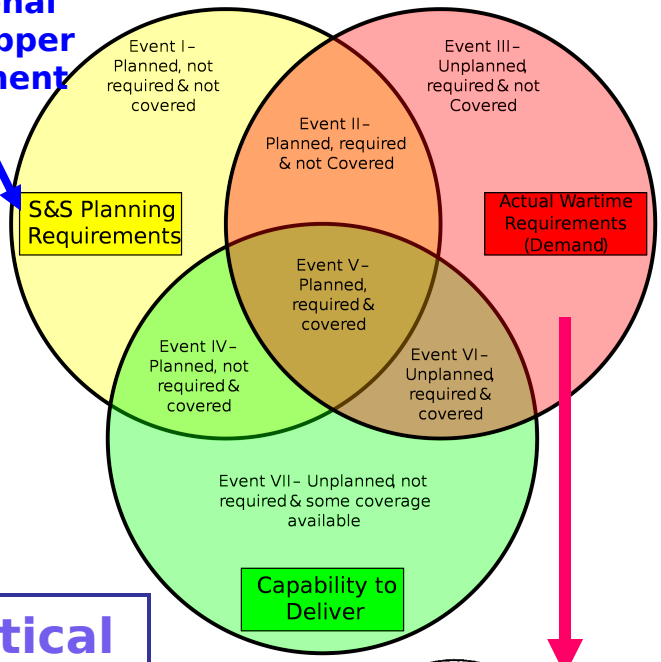
- Demonstrate the feasibility of DLA:
  - Serving as critical raw material provider for DLA procured items
  - Using a supply chain improvement to mitigate production lead time delays

Warstopper initiated pilot – concept has wider application (e.g. JALC task)

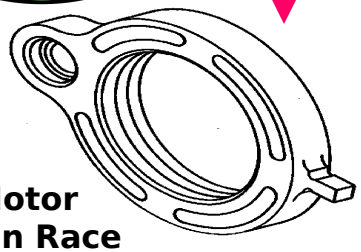
Lessons Learned
Warstopper Tactical Investment

Surge Event Diagram

Traditional Warstopper Investment Target


Event I – Planned, not required & not covered
Event II – Planned, required & not Covered
Event III – Unplanned, required & not Covered
S&S Planning Requirements
Actual Wartime Requirements (Demand)
Event V – Planned, required & covered
Event IV – Planned, not required & covered
Event VI – Unplanned, required & covered
Event VII – Unplanned, not required & some coverage available
Capability to Deliver

Tactical Approach



Hydraulic Motor Transmission Race (Bradley Fighting Vehicle)

Raw Material Investment

- OEF/OIF demand surged 1300%
- 300M Steel—critical Path constraint
  - Steel investment--$300K
    - Cut lead-time from 571 to 77 days
    - Estimated ROI is 10.4 -- or a $2.8 million WRM offset
  - Pre-positioned steel at vendor
- Executed surge – worked!
- Now supported under Army transmission maintenance contract; original investment returned to treasury
- Lessons Learned
  - Planned vs. Actual requirement gap
  - Tactical level investments are not flexible
    - Not transferable to other vendors; liability
    - Need new money to support other items (e.g. torsion bar, landing gear)

Strategic level investment may provide flexibilit

Investment Points

(Strategic Metal and Repair Part Supply Chain)

Steel Precursor Materials

Investment is not finished goods unique

Investment becomes finished good unique/limited

Precursor Materials

- Raw ores obtained through commercial or DNSC sell list
- Scarp obtained through commercial or Government recycling (e.g. OOC-ALC pilot initiative or DRMO)

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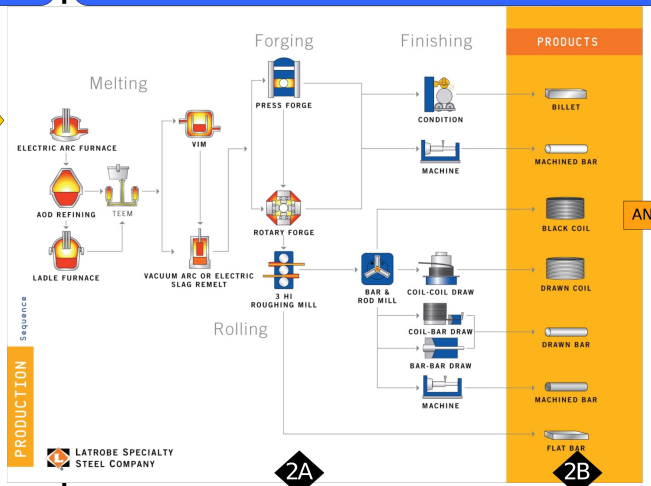


AND/OR

Forging and Casting Houses

- 3A Raw Materials
- 3B Semi Finished Goods

Repair Part Manufacturers

- 4A Raw Material
- 4B Finished Goods

AND/OR

Repair Part Distributors

- 5 Finished Goods

Customer

- 6 WRM Inventory of Finished Goods

Investment Points

Lead-time Reduction (e.g. five months reductions for raw material, near zero for WRM Inventory)

Increased Flexibility (e.g. specification, product mix)

Reduced Investment Cost (e.g. labor for semi- and finished goods)

Strategic (Warstopper) Investment
(Pilot explores investments in this area)

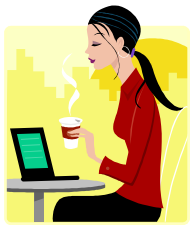
Tactical (Warstopper) Investment
(Typical Warstopper Investment Area)

Service WRM Investment

Buffer Concept

Contracting Officer
Manufacturers
MILSVC/COCOM
Industrial Specialist

Strategic Metal Buffer Management Tool



Pilot Manager (DNSC)

Identification of Need

Associations, Industry, MILSVC and others

Requirements for:

- DLA S&S planning requirements
- Other DLA purchased items
- Other Service items

Contracts = Strategic Resource

Finished Raw Material

- Main Product: Sheet, Rod, Pipe, Wire, Rail, Shape, etc.

Corp Exigency Contract (w/ Mills)

- Cast: forms (main product precursor)

Plan, Manage, and Allocate the Strategic Resources

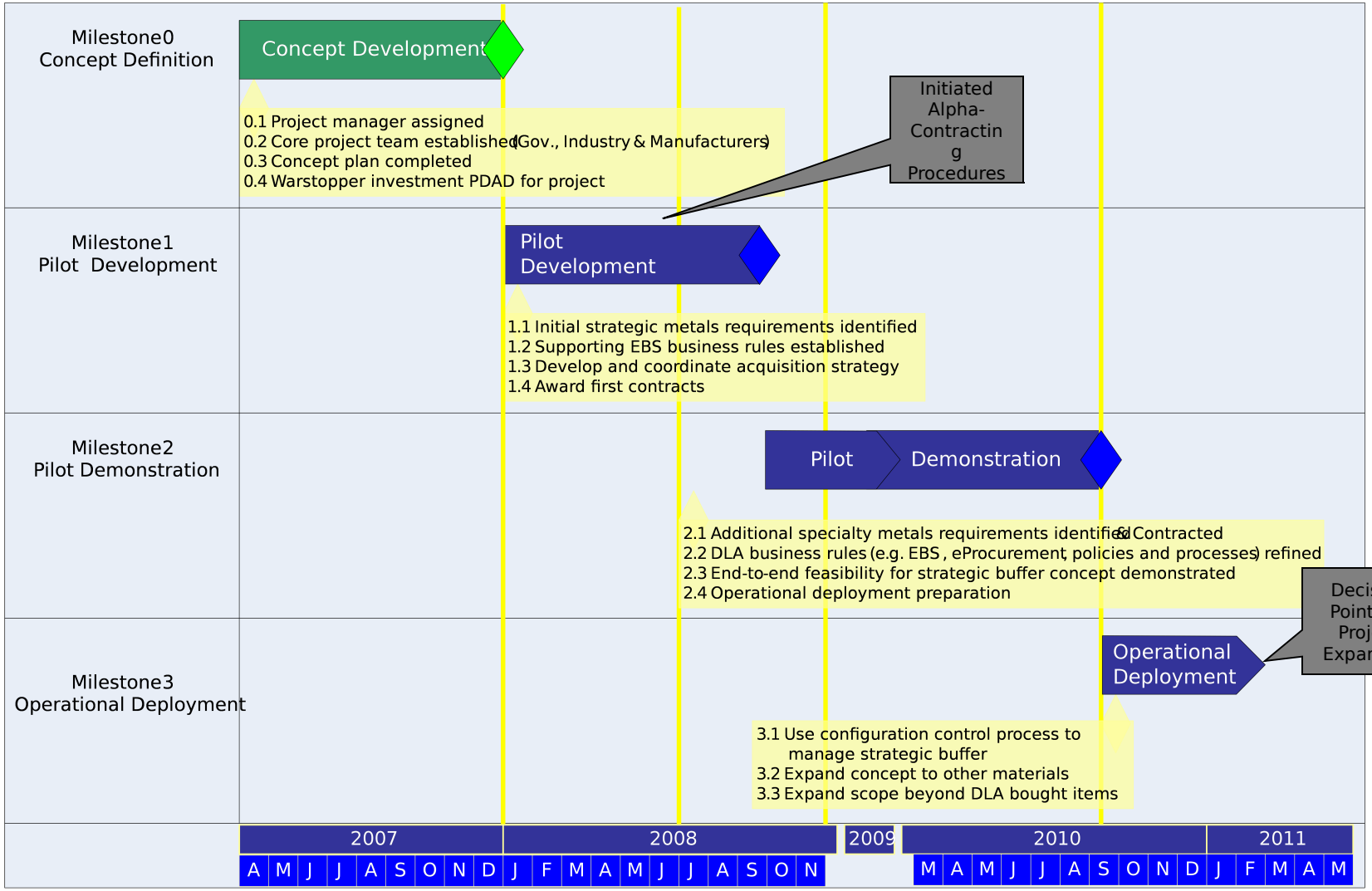
Expected Benefits

- Improved customer support
  - Positioned to respond to unexpected demand
  - Reduce production lead time; up to 70 weeks
- Reduced investment costs
  - Strategic material vs. item level investments
  - Flexibility to apply resources where needed
- Establish DLA as OSD provider for critical raw material
- Repeatable model for other raw materials
- Improved critical raw material mapping to NSN

Indicators of Success

- ✓ Pilot
  - Strategic metal capability is established and available
  - Users aware of the capability and can make requests
  - Material allocated, accepted and relevant to reducing lead time
- ✓ Pilot Completion
  - Concept proven as a repeatable model for readiness improvement
- ✓ Post Pilot
  - OSD adopts model as a strategic DOD resource and practice
  - DLA, Industry, and the Services establish a long term effort or working group that oversees the practice

Pilot Project Milestones


Milestone0
Concept Definition
Concept Development
0.1 Project manager assigned
0.2 Core project team established (Gov., Industry & Manufacturers)
0.3 Concept plan completed
0.4 Warstopper investment PDAD for project
Initiated Alpha-Contracting Procedures
Milestone1
Pilot Development
Pilot Development
1.1 Initial strategic metals requirements identified
1.2 Supporting EBS business rules established
1.3 Develop and coordinate acquisition strategy
1.4 Award first contracts
Milestone2
Pilot Demonstration
Pilot
Demonstration
2.1 Additional specialty metals requirements identified & Contracted
2.2 DLA business rules (e.g. EBS, eProcurement, policies and processes) refined
2.3 End-to-end feasibility for strategic buffer concept demonstrated
2.4 Operational deployment preparation
Decision Point For Project Expansion
Milestone3
Operational Deployment
Operational Deployment
3.1 Use configuration control process to manage strategic buffer
3.2 Expand concept to other materials
3.3 Expand scope beyond DLA bought items
2007
2008
2009
2010
2011
A M J J A S O N D J F M A M J J A S O N
M A M J J A S O N D J F M A M

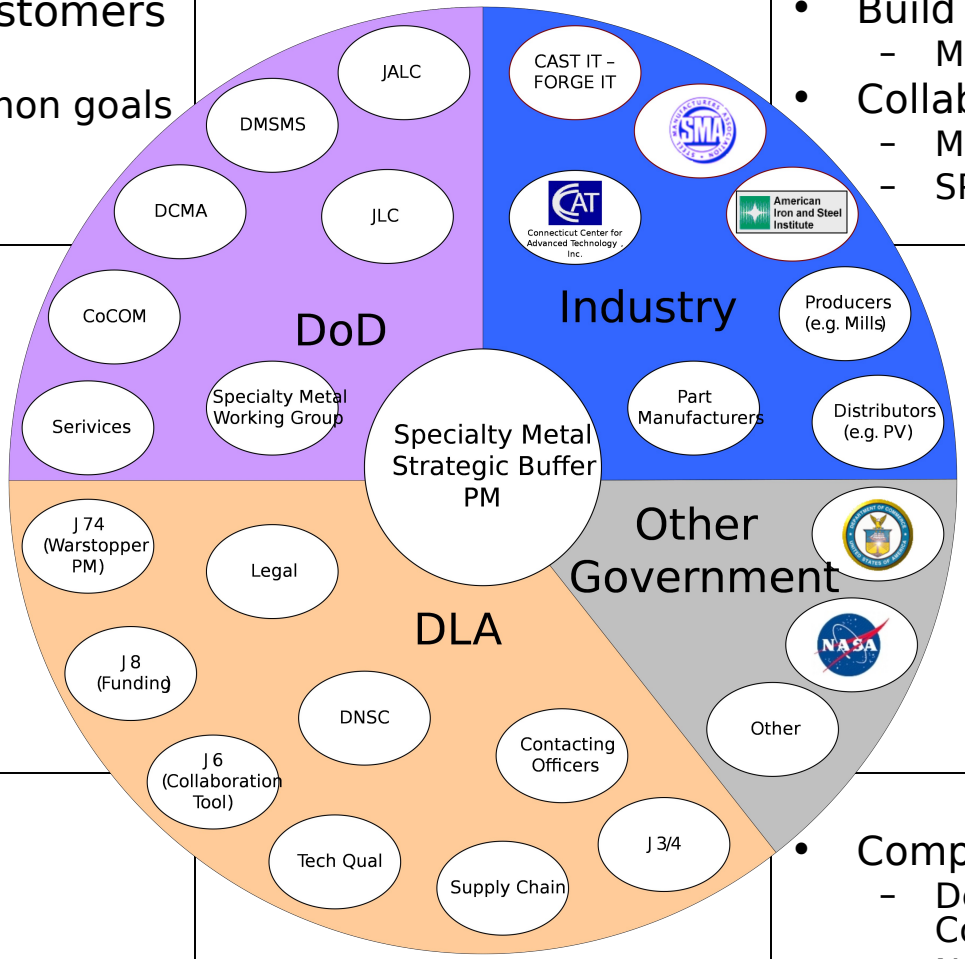
Questions?

Backup

Pilot Touch Points

- Reach out to customers
  - Collaboration
  - Identify common goals
  - Value added

- Build industry team
  - Model ***Cast it – Forge it***
- Collaborative
  - Model tooling database
  - SPIDERS/IBMS



- Build core team
  - Government
- Collaborate
  - Industry
  - DOD/MILSVC/CoCOM

- Competing Interest
  - Department of Commerce
  - NASA
  - Other Agencies